

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 THE DEPOT MAINTENANCE BUSINESS PROFILE**

This is the second Joint Group on Depot Maintenance (JG-DM) Business Profile (DMBP). The DMBP is published in two media, this book version and an expanded version available on the Internet at the Joint Depot Maintenance Activities Group (JDMAG) website. This book provides summary-level Service depot maintenance-related information. In this regard it gives an overview of the current and planned depot maintenance program. Through data portrayals of expenditures, workload, capacity, personnel and interservicing levels, the DMBP provides a picture of the current and future size of the depot maintenance business. Data also reflects the projected effects of legislation, policy, management actions, budget decisions, and downsizing initiatives to the extent that they are known.

The website version of the DMBP contains all of the data in this book and provides additional information on current legislation and ongoing Service and DLA initiatives intended to improve the efficiency and effectiveness of depot maintenance operations. In addition, through the linkages on the website, there is a considerable amount of depot maintenance information available. Data and information on the website are updated as required to provide currency. Visit the FY2001-FY2007 DMBP at <http://www.jdmag.wpafb.af.mil/>. The table of contents of the FY2001-FY2007 DMBP is portrayed below in Table 1-1.

The balance of this book is divided into chapters and appendixes providing statistical information on various aspects of depot maintenance including depot maintenance expenditures, workload and personnel data at the joint Service and Service levels, workload and capacity by depot, personnel by depot, and interservicing data. Additionally, the Services provided information on recently completed Military Construction (MILCON) projects that provide a direct benefit to depot maintenance. Historically, MILCONs are tracked from inception through funding completion, but no visibility has been provided on the completed project. These are portrayed in Appendix B. Finally, the Services provided an update to their partnering arrangements with industry. Active partnering arrangements are noted in Appendix C.

#### **1.2 DATA SUMMARY**

Of the statistical information, several elements are notable. The depot maintenance expenditures estimate increases from \$15.5 billion to \$17.0 billion, or 9.6 percent, for the period FY01 through FY07 (in then year dollars); however, constant FY01 dollars for the same period reflect a decrease of 3.5 percent. Organic workload projections show a downward trend from a FY01 level of 79.4 million direct labor hours to a FY07 level of 75.9 million direct labor hours, a decrease of approximately 4.4 percent. The level of contract

workload reflects an increase from FY01 through FY07 from a level of \$7.7 billion to \$8.1 billion, or approximately 5.7 percent (then year dollars) (a 6.9 percent decrease in FY01 constant dollars). Depot maintenance personnel levels are projected to decline from a FY01 level of 68,425 people to a FY07 level of 64,548 people, or approximately a 5.7 percent decrease. It should be noted that evolving depot maintenance legislation and policy would impact all projections.

Another notable data point is the increase in the level of depot maintenance interservicing for FY00. The FY00 level of interservicing (most recent year available) for DoD depot-level workload susceptible to interservicing is 17.5 percent. The FY00 level of interservicing for all depot-level maintenance workload (both susceptible and non-susceptible) is 12.2 percent. By comparison, the FY99 interservicing levels were 16.4 percent (susceptible workload) and 9.4 percent (both susceptible and non-susceptible workloads).

In regards to partnering arrangements, 16 of the DoD's most significant depot-level maintenance activities (DMAs) are actively pursuing public-private partnerships (now operating or recently concluded). Of the 66 projects noted in Appendix C of this report 37 are Army, 18 are Navy, 9 are Air Force and 2 are Marine Corps. In comparison to the September 1999 OSD report on public-private partnering arrangements, there were 54 implemented partnering agreements at that time; 34 Army, 10 Navy, 8 Air Force and 2 Marine Corps. Although several of the projects reported in 1999 have been completed and other partnering agreements have begun, what is important is the continuing level of the use of partnering and the increased amount of partnering agreements by the Navy.

**Table 1-1  
FY2001-FY2007 DMBP WEBSITE TABLE OF CONTENTS**

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DoD/Joint/Service Level	Service Depot Maintenance Management	Depot Level
<a href="#">Recent Legislation Affecting Depot Maintenance</a> <ul style="list-style-type: none"> <li>▪ <a href="#">FY2001 Legislation</a></li> <li>▪ <a href="#">FY2000 Legislation</a></li> </ul> <a href="#">Interservicing Data</a> <a href="#">Service Depot Maintenance Expenditures</a> <a href="#">Organic Workload</a> <ul style="list-style-type: none"> <li>▪ <a href="#">Joint Service Portrayal</a></li> <li>▪ <a href="#">By Major Commodity</a></li> </ul> <a href="#">Contract Workload by Major Commodity</a> <a href="#">Personnel Levels</a> <a href="#">Special Interest Items</a> <ul style="list-style-type: none"> <li>▪ <a href="#">Active Partnering Arrangements</a></li> <li>▪ <a href="#">Completed MILCONs</a></li> </ul>	<a href="#">Service Management Initiatives</a> <a href="#">Air Force</a> <ul style="list-style-type: none"> <li>▪ <a href="#">Air Force Agile Logistics</a></li> <li>▪ <a href="#">DMAG Strategic Plan</a></li> </ul> <a href="#">Marine Corps</a> <ul style="list-style-type: none"> <li>▪ <a href="#">Marine Corps Precision Logistics</a></li> <li>▪ <a href="#">Integrated Logistics Capability Program</a></li> </ul> <a href="#">Army</a> <ul style="list-style-type: none"> <li>▪ <a href="#">Army Integrated Sustainment Maintenance</a></li> </ul> <a href="#">Navy</a> <a href="#">Navy Regional Maintenance</a> <ul style="list-style-type: none"> <li>▪ <a href="#">CINCPACFLT</a></li> <li>▪ <a href="#">Mid-Atlantic</a></li> <li>▪ <a href="#">Northwest</a></li> <li>▪ <a href="#">Northeast</a></li> <li>▪ <a href="#">Southeast</a></li> <li>▪ <a href="#">Southwest</a></li> <li>▪ <a href="#">CINCLANTFLT</a></li> </ul> <a href="#">NAVAIR</a> <ul style="list-style-type: none"> <li>▪ <a href="#">Integrated Maintenance Concept</a></li> <li>▪ <a href="#">Reliability-Centered Maintenance</a></li> <li>▪ <a href="#">Affordable Readiness</a></li> <li>▪ <a href="#">Business Information</a></li> </ul> <a href="#">NAVSEA</a> <ul style="list-style-type: none"> <li>▪ <a href="#">2000 Corporate Strategy</a></li> </ul> <a href="#">Service Best Business Practices</a>	<a href="#">Organic Workload Capacity and Capacity Utilization</a>  <a href="#">Depot Personnel Levels</a>  <a href="#">2001 Depot Profiles</a>  <a href="#">MILCON Review</a> <ul style="list-style-type: none"> <li>▪ <a href="#">FY00 MILCON Summary</a></li> <li>▪ <a href="#">FY99 MILCON Summary</a></li> <li>▪ <a href="#">FY98 MILCON Summary</a></li> <li>▪ <a href="#">FY97 MILCON Summary</a></li> </ul>